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SUBJECT: Sri Lanka: Ambassador's Fund for Refugees request

Ref: State 07199

1. (U) This message is Sensitive but Unclassified -- Please handle accordingly.

2. (SBU) SUMMARY: Mission requests USD 20,000 from the 2004 Ambassador's Fund for Refugees to support the activities of CHF, a U.S.-based NGO, that provides shelter for IDPs in northern Sri Lanka. In addition to meeting a critical humanitarian need, this project would underscore U.S. support for Sri Lanka's fragile peace process. END SUMMARY.

3. (U) Per Reftel, Mission requests funding for Community Housing Finance International (CHF), an international NGO headquartered in the U.S., engaged in providing transitional shelter to returning refugees and internally displaced persons (IDPs) in the Jaffna Peninsula in northern Sri Lanka. Jaffna has the highest concentration of returning refugees and IDPs in Sri Lanka. (Note: There are about 500,000 IDPs in Sri Lanka right now. Over 300,000 have returned to their points of origin since the beginning of the peace process in December 2001. There are approximately 100,000 refugees living in camps and elsewhere in India. Of these, only a small number have returned to Sri Lanka.) Many of those returning to areas in Jaffna District are unable to resettle in their exact points of origin due to the military's high security zones and thus temporarily resettle elsewhere in Jaffna District. At present, approximately 2,200 of these individuals are housed in 90 welfare centers located throughout Jaffna District.

4. (U) Since August 2003, CHF has worked with UNHCR and the GSL to provide assistance to targeted groups of returning refugees and IDPs living in welfare centers. As of the end of 2003, CHF had constructed 432 complete shelter units, which housed over two thousand individuals. These units, constructed in part from local materials, can be defabricated to allow relocation to permanent locations in the future. As a result of CHF's efforts, an additional 247 further families (1,230 individuals) who have been living in seriously substandard shanty-type shelters received additional materials such as doors, cement, and sand for housing improvements. The program has also provided tools, training and income to over 90 previously unskilled individuals living in the welfare centers. Under this program, six locally constructed brick-making machines use waste from an international demining project to create low-cost, environmentally friendly bricks for program needs. These cost a fraction of other locally produced bricks, and CHF intends the brick-making projects to sustain themselves as a local industry, providing households with a means to generate income. A vital aspect of CHF's work is its efforts to engage local government officials in its projects.

5. (U) CHF is currently looking at a funding gap of several months, and may have to cease operations until new sources of funding are found. Given CHF's proven track record in providing low-cost, high-impact shelter to returnees, Mission recommends that funds in the amount of 20,000 USD be made available from the Ambassador's Fund for Refugees to help CHF continue its shelter programs. With this funding, CHF could provide technical assistance to local government officials on implementing shelter programs, a key aspect for sustaining the program in the mid- and longer term. In the meantime, CHF has indicated that it will continue to search for other sources of funding. Mission has consulted with UNHCR, which has high praise for CHF and recommended that the group be provided funding to meet its short-term gap if at all possible.

6. (SBU) COMMENT: In addition to meeting a critical

humanitarian need, USG assistance to CHF would underscore our commitment to the people of northern and eastern Sri Lanka, who have suffered the most during Sri Lanka's 1983-2001 ethnic conflict. In doing so, we would also be underlining our strong support for Sri Lanka's fragile peace process. Assistance to CHF is congruent with USAID programs in the north/east and we would highlight such assistance via public diplomacy tools. Mission also certifies that it has the authority and the capacity to award a grant to the intended recipient agency before the end of the fiscal year. END COMMENT.

17. (U) Minimize considered.

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